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CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

**MAJOR TRANSACTION
ENTERING INTO A FINANCE LEASE AS THE LESSOR**

A letter from the Board is set out on pages 4 to 9 of this circular.

The transactions being the subject matter of this circular have been approved by written shareholders' approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

14 August 2023

* For identification purpose only

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DEFINITIONS

In this circular, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:–

“Assets”	shall have the meaning as disclosed in the section headed “INFORMATION ON THE ASSETS” in this circular
“Board”	the board of Directors of the Company
“Company”	China Investments Holdings Limited (中國興業控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 132)
“Director(s)”	the director(s) of the Company
“Existing Finance Leases”	the finance lease agreements and incidental documentations dated 3 July 2023 entered into between Greengold Leasing, and the Lessee and Guarantor 4 respectively, the details of which have been disclosed in the announcement of the Company dated 4 July 2023
“Finance Lease”	the finance lease agreement dated 24 July 2023 entered into between Greengold Leasing and the Lessee in relation to the transfer of ownership and lease back of the Assets
“Greengold Leasing”	Canton Greengold Financial Leasing Ltd.* (廣東綠金融租賃有限公司) (formerly known as Canton Risen Financial Leasing Co., Ltd.* (廣東粵盛科融資租賃有限公司)), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guarantor 1”	Rongting Environmental Technology Group Co., Ltd.* (榮庭環保科技集團有限公司), a limited liability company incorporated in the PRC, which is wholly controlled by Guarantor 2, and an Independent Third Party
“Guarantor 2”	Rongting (Beijing) Corporate Management and Development Co., Ltd.* (榮庭(北京)企業管理發展有限公司), a limited liability company incorporated in the PRC, which is ultimately controlled by as to 35% by Zhang Lei, 28% by Zhang Zhongshan, 20% by Zhang Jiwen, 16.8% by Zhang Zhongqiang and 0.2% by Zheng Qingshen, all being Independent Third Parties

DEFINITIONS

“Guarantor 3”	Huitong Tuteng International Logistics Co., Ltd* (匯通圖騰國際物流有限公司), a limited liability company incorporated in the PRC, which is controlled by as to 79.58% by Guarantor 2 and 20.42% by two wholly state-owned enterprises, all being Independent Third Parties
“Guarantor 4”	Hebei Yingtai Environmental Engineering Co., Ltd.* (河北英泰環境工程有限公司), a limited liability company incorporated in the PRC, which is wholly controlled by Guarantor 2, and an Independent Third Party
“Guarantors”	collectively, Guarantor 1, Guarantor 2, Guarantor 3 and Guarantor 4
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Incidental Documentation”	the agreements incidental to the Finance Lease, including the transfer agreement, the guarantee, the consultancy agreements, the asset pledge agreement, the receivables pledge agreement and the pledge agreement
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Group and any Director, chief executive or substantial shareholder of the Group or any of its subsidiaries or their respective associate of any of them as defined in the Listing Rules
“Latest Practicable Date”	9 August 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Lessee”	Gaobeidian Sanyihou Recycled Water Construction Co., Ltd.* (高碑店市三義厚再生水建設有限公司), a limited liability company incorporated in the PRC, which is wholly controlled by Guarantor 2, and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *For identification purpose only*

LETTER FROM THE BOARD



CHINA INVESTMENTS HOLDINGS LIMITED 中國興業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 132)

Executive Directors:

He Xiangming (*Chairman*)

Fu Weiqiang (*President*)

You Guang Wu

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Director:

Shi Xuguang

Independent Non-executive Directors:

Chan Kwok Wai

Peng Xinyu

Lin Junxian

14 August 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION ENTERING INTO A FINANCE LEASE AS THE LESSOR

INTRODUCTION

Reference is made to the announcement of the Company dated 24 July 2023 in relation to the entering into of the Finance Lease with the Lessee to obtain the ownership of the Assets from the Lessee at a consideration of RMB70,000,000 (equivalent to approximately HK\$76,160,000), which would be leased back to the Lessee for its use and possession for a term of 5 years.

The purpose of this circular is to provide you with, among other things, further information on the Finance Lease and Incidental Documentation and other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE FINANCE LEASE AND INCIDENTAL DOCUMENTATION

Set out below is a summary of the principal terms of the Finance Lease and Incidental Documentation:–

Date of the Finance Lease:

24 July 2023

The Finance Lease will take effect upon compliance of the applicable requirements of the Listing Rules by the Company.

Parties:

- (1) Greengold Leasing, a subsidiary of the Company, as the lessor;
- (2) the Lessee; and
- (3) the Guarantors (in relation to the guarantee).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Lessee, the Guarantors and their ultimate beneficial owners are Independent Third Parties.

Transfer of Assets and consideration

Greengold Leasing will be transferred the unencumbered ownership of the Assets from the Lessee on an "as-is" basis at the consideration of RMB70,000,000 (equivalent to approximately HK\$76,160,000) in cash, payable within 12 months from the date of the Finance Lease. The transfer agreement was entered into between Greengold Leasing and the Lessee on the date of the Finance Lease, effecting the terms of the Finance Lease in relation to the transfer of the Assets from the Lessee to Greengold Leasing above.

Such consideration or financing amount was determined following arm's length negotiations by the parties to the Finance Lease with reference to the original cost of the Assets of approximately RMB116,773,000 (equivalent to approximately HK\$127,049,000), and their state including serviceable condition and depreciable life, which were reviewed by Greengold Leasing's experienced leasing team. The consideration amount for the ownership of the Assets will be funded through the internal resources of the Group and/or external banking facilities.

Lease period

Greengold Leasing will lease back the Assets to the Lessee for its use and possession for a term of 5 years commencing from the day the consideration for the Assets transfer has been paid by Greengold Leasing.

LETTER FROM THE BOARD

Payments under the Finance Lease

The total amount of payments for the Finance Lease is approximately RMB84,621,000 (equivalent to approximately HK\$92,068,000), comprising (a) the lease principal payment of RMB70,000,000 (equivalent to approximately HK\$76,160,000) and (b) the aggregate lease interest and other fees and expenses under the Incidental Documentation of approximately RMB14,621,000 (equivalent to approximately HK\$15,908,000). Both the lease principal and interest will be paid quarterly over the lease period.

The terms of the Finance Lease, including the lease principal and interest, were determined after arm's length negotiations between the parties to the Finance Lease with reference to the lending and interest rate environment including the prime lending rate published by the National Interbank Funding Center from time to time (for reference purpose, the prevailing prime lending rate was 3.55% as at the date of the Finance Lease), and adjustments taking into account the principal amount of the Finance Lease and availability of funds, the interest risk of financing and servicing costs over the lease period, the credit risks associated and the targeted overall return and risk tolerance of the Group for the Finance Lease on a case by case basis.

Termination and transfer of the Assets to the Lessee

The Lessee may terminate the Finance Lease provided that all outstanding amounts due thereunder as at the time of early termination have been settled. At the end of the lease period or in the event of an early termination of the Finance Lease, subject to the settlement of all outstanding amounts, the Lessee had agreed to purchase the Assets at a nominal purchase price of RMB100 (equivalent to approximately HK\$108.8).

Guarantee deposit

The Lessee will pay an interest-free deposit of RMB3,500,000 (equivalent to approximately HK\$3,808,000) to Greengold Leasing on the same day the consideration for the Assets transfer has been paid by Greengold Leasing to secure its payment obligations under the Finance Lease.

Guarantee

The Guarantors and the Lessee had executed a guarantee on the date of the Finance Lease guaranteeing Greengold Leasing, effectively on a joint and several basis, the due and punctual settlement of any and all amount payable by the Lessee under the Finance Lease.

Pledges

Pursuant to the asset pledge agreement entered into between Greengold Leasing and the Lessee on the date of the Finance Lease, although the ownership of the Assets shall be transferred to Greengold Leasing as lessor as part of the Finance Lease, the Assets are treated as security of payment obligations of the Lessee under the Finance Lease and the Lessee may continue to utilize the Assets during the lease term.

LETTER FROM THE BOARD

The Lessee and Guarantor 4 had executed a receivables pledge agreement in favour of Greengold Leasing, pledging their rights in relevant receivables under certain sewage treatment agreements and their supplemental agreements (with pledged receivables in the total amount of RMB225,000,000 (equivalent to approximately HK\$245,000,000)) as security of their payment obligations under the Finance Lease and the Existing Finance Leases.

Additionally, the Lessee and Guarantor 4 had executed a pledge agreement, pledging 100% interests of their respective bank accounts (representing the total amount of the pledged receivables of RMB225,000,000 (equivalent to approximately HK\$245,000,000)), in favour of Greengold Leasing for a term of 6 years, as security of their payment obligations under the Finance Lease and the Existing Finance Leases.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AND INCIDENTAL DOCUMENTATION

The entering into of the Finance Lease and Incidental Documentation is part of Greengold Leasing's ordinary and usual course of business and is expected to provide a stable revenue and cashflow to the Group.

The Directors consider that the Finance Lease and Incidental Documentation and the transactions contemplated thereunder are on normal commercial terms which are made on an arm's length basis and are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE FINANCE LEASE ARRANGEMENT

The Finance Lease is expected to attribute approximately RMB14,621,000 (equivalent to approximately HK\$15,908,000) to the Group's turnover, from the aggregate interest income and other fees and expenses over the whole period of such Finance Lease. On the other hand, the Group is expected to bear the aggregate loan interest payments of approximately RMB6,668,000 (equivalent to approximately HK\$7,255,000) to the Group's cost of sales in respect of secured external loans.

As at the date when the consideration for the Assets transfer was paid, the Group had also recorded on its balance sheet the Finance Lease receivables of RMB70,000,000 (equivalent to approximately HK\$76,160,000) in respect of such Finance Lease, borrowings by the Group of RMB56,000,000 (equivalent to approximately HK\$60,928,000) and decreased cash and cash equivalents of RMB14,000,000 (equivalent to approximately HK\$15,232,000) of the Group.

INFORMATION ON THE ASSETS

The Assets comprise certain designated equipment and facilities of the Lessee's sewage treatment plant situated in Baoding City, Hebei Province, the PRC.

The Lessee will bear any maintenance, taxation and other costs and levies associated with the Assets.

LETTER FROM THE BOARD

LISTING RULES IMPLICATION

Reference is made to the discloseable transaction announcement of the Company dated 4 July 2023 in relation to the entering into of the Existing Finance Leases. As the Lessee is one of the parties as that of the Existing Finance Leases, the transactions contemplated under the Finance Lease is aggregated with the transactions under the Existing Finance Leases pursuant to Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios for the transactions contemplated under the Finance Lease and Incidental Documentation, when calculated on an aggregate basis with the transactions under the Existing Finance Leases, exceeds 25% but all of them are less than 100%, the entering into of such transactions constitutes a major transaction for the Company under the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

As no Shareholder is materially interested in the Finance Lease and Incidental Documentation and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the Finance Lease and Incidental Documentation, and the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the transactions contemplated under the Finance Lease and Incidental Documentation from Prize Rich Inc., a Shareholder holding 1,222,713,527 issued ordinary shares of the Company (representing 71.41% of its entire issued share capital). As such, the Company is exempted from convening a general meeting to approve the transactions contemplated under the Finance Lease and Incidental Documentation.

PRINCIPAL BUSINESSES OF THE PARTIES

The Group

The Group is principally engaged in wellness elderly care, finance leasing, property investments in both properties held for sale and investment properties, big data, civil explosives, hotel investment, management and operation businesses. Through its joint ventures and associated companies, the Group also participates and invests in fast growing sectors, including electric utilities in the PRC.

Greengold Leasing

Greengold Leasing is a subsidiary of the Company, which is principally engaged in the provision of finance, including through finance leasing, with a focus on environmental protection projects in the PRC.

The Lessee

The Lessee is a limited liability company established in the PRC and is principally engaged in sewage treatment in Hebei Province, the PRC.

LETTER FROM THE BOARD

The Guarantors

Guarantor 1 is a limited liability company established in the PRC and is principally engaged in sewage and tap water treatment.

Guarantor 2 is a limited liability company established in the PRC and is principally engaged in sewage treatment.

Guarantor 3 is a limited liability company established in the PRC and is principally engaged in logistics business.

Guarantor 4 is a limited liability company established in the PRC and is principally engaged in sewage treatment.

RECOMMENDATIONS

The Directors consider that the terms of the Finance Lease and Incidental Documentation and the transactions contemplated thereunder are on normal commercial terms which are made on an arm's length basis and are fair and reasonable, and in the best interests of the Group and the Shareholders as a whole.

Accordingly, if a general meeting were to be convened, the Board would recommend the Shareholders to vote in favour of the ordinary resolution to approve the Finance Lease and Incidental Documentation and the transactions contemplated thereunder at such general meeting.

ADDITIONAL INFORMATION

Your attention is drawn to the financial and general information as set out in the appendices to this circular.

On behalf of
China Investments Holdings Limited
HE Xiangming
Chairman

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited consolidated financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 are disclosed in the following annual reports of the Company for the years ended 31 December 2020, 2021 and 2022 respectively, which have been published and are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://chinainvestments.tonghair.com>):

- the annual report 2020 of the Company for the year ended 31 December 2020 which was published on 29 April 2021 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042901219.pdf>), please refer to pages 75 to 273 in particular;
- the annual report 2021 of the Company for the year ended 31 December 2021 which was published on 28 April 2022 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802012.pdf>), please refer to pages 126 to 301 in particular; and
- the annual report 2022 of the Company for the year ended 31 December 2022 which was published on 27 April 2023 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700579.pdf>), please refer to pages 131 to 309 in particular.

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2023, the Group had outstanding interest bearing bank loans of approximately HK\$4,747,398,000 (comprising secured and guaranteed bank loans of approximately HK\$4,349,663,000 which were secured by the pledge of investment properties of HK\$347,814,000, plant, property and equipment of HK\$373,617,000, bank deposit of HK\$6,975,000, finance lease receivables and future interest receivable of HK\$3,090,534,000, paid-up capital of a non-wholly owned subsidiary of HK\$219,222,000 and a future rental receivable from the properties; and unsecured and unguaranteed bank loans of approximately HK\$397,735,000. Among such loans, a small number of them are having a maturity profile in the near term (maturing in 2023) and the rest are in the midterm (maturing in 2024, 2025 and 2026) to long term (maturing in 2027, 2028, 2029, 2035, 2037, 2043, 2046 and 2047).

The Group had unsecured and unguaranteed interest bearing loans from its immediate holding company and non-controlling interest of approximately HK\$136,000,000 and HK\$27,978,000 respectively, all of which will mature in 2024 and 2025. The Group also had unguaranteed interest bearing loans from other independent third parties of approximately HK\$119,156,000 (comprising secured loans of approximately HK\$43,562,000 by the pledge of finance lease receivables and future interest receivable of HK\$50,540,000 and unsecured loans of approximately HK\$75,594,000). All loans will mature in 2023 and 2024.

The Group had outstanding secured and guaranteed asset backed securities of approximately HK\$488,170,000 by the pledge of finance lease receivables and future interest receivable of HK\$510,476,000 and unsecured and guaranteed other bonds of approximately HK\$323,974,000.

In addition, the Group had unsecured and unguaranteed lease liabilities and outstanding convertible notes of approximately HK\$1,005,453,000 and aggregate principal amount of HK\$166,232,000 issued by the Company will mature on 13 October 2024 respectively.

Save as aforesaid or otherwise disclosed herein, as at the close of business on 30 June 2023, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other contingent liabilities.

3. MATERIAL ADVERSE CHANGE

At the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account the existing cash and bank balances, other internal resources and available existing unutilised credit facilities, the Group has sufficient working capital for its present requirements and to satisfy its requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

The Company has obtained the relevant confirmation as required under Rule 14.66 (12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

Although the Group faces the impact of economic uncertainty worldwide and in China brought about by fluid epidemic dynamics, coupled with the outbreak of the war in Ukraine early this year that has triggered economic sanctions imposed by various countries on Russia that shook the global economy and created elevated uncertainty, the Group will continue to rise to the challenge, proactively adjust its business presence based on market trends and navigate through adversities. With experience accumulated during the course of transformation and upgrade over the past years, the Group will strive to constantly enhance its business activities, and steadily develop its business in elderly care and wellness, financial leasing, industrial parks/property investment, big data and civil explosives.

In respect of the elderly care and wellness business, although the deep impact of the epidemic in 2022 put pressure on our business results in the short run, we will remain steadfast to focus on the long-term and extensive development prospects of our elderly care and wellness business and continue to head towards the direction of developing a three-tier elderly care and wellness system comprising institutions, communities and households. The Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the People's Republic of China has put forward a national strategy in response to population ageing, under this overall backdrop, Nanhai District attaches great importance to elderly care efforts, and the establishment and improvement of the elderly care service system will be the focus. We consider that the Group can ride on the opportunity to gain the recognition and support of the Nanhai District Government for the Group's elderly care business on the back of taking over the operation of Nanhai District Welfare Center and Jiujiang Nursing Home last year, and proactively strive to expand its cooperation with various towns and sub-districts under the Nanhai District Government. During the year, the Group successfully entered into entrusted operation agreements with Xiqiao Town, Dali Town, Shishan Town and Lishui Town under the Nanhai District Government for their respective public elderly care institutions to take over several public elderly care institutions, resulting in a growing number of nursing beds. The Group strives to expand its cooperation with other towns and sub-districts under the Nanhai District Government. With Nanhai as the core, we can establish our presence in Foshan, and extend to Guangdong and the Guangdong-Hong Kong-Macao Greater Bay Area to build a first-rate elderly care and wellness industry investment group in the Greater Bay Area. The Group is also committed to enhancing and improving the quality of elderly care services through technology and exploring further collaboration with its big data business to achieve organically integrated synergy. We can build our Taoyuan elderly care and wellness brand in full swing to make it a quality mark and an industrial benchmark and push forward our elderly care and wellness business as the Group's principal core business.

In respect of the big data business, in addition to seeking synergistic collaboration with the elderly care and wellness business, we will proactively consolidate internal resources riding on our previous experience in business development and accumulated resources, strive to improve corporate qualifications and merits, facilitate the transformation and upgrade of the manufacturing industry in the region in the direction of the industrial Internet platform and in light of the industry attributes and development demand of the manufacturing industry in the region, make every effort to become a first-class industrial Internet platform service provider in the Guangdong-Hong Kong-Macao Greater Bay Area, and reverse adverse circumstances and achieve development goals.

In respect of the financial leasing business, despite the challenges brought about by the increasingly fierce market competition landscape and challenges, we will focus on the strategic goal of developing it into a leading domestic professional financial leasing company featuring environmental protection. We will continue to intensively tap into segments of the municipal environmental protection industry, make every effort to overcome challenges and difficulties, step up client visits, focus on intensive cultivation of core clients, and vigorously tap into target clients from the club and business school of the E20 Environment Platform as well as local environmental protection associations. We will also continue to carry out marketing activities targeting SOEs, municipal environmental protection authorities, and green energy projects in Foshan and various regions in China, selectively developing quality municipal environmental protection and green energy projects of SOEs in the Greater Bay Area and the Pan-Pearl River Delta region. We will adhere to the general strategy of putting stability first and making progress while maintaining stability when we conduct stringent pre-leasing reviews, select the best from the good, ensure that the implementation of post-leasing management and supervision is in place, and implement post-leasing management assessment to the project level and to the individual level to ensure that the management of existing projects is timely and effective and reduce the risk of bad debts. Meanwhile, we will continue to diversify financing channels, including equity and debt financing. We will vigorously promote the issuance of Asset Backed Security (ABS) and other financing plans to enhance the financial strength of our financial leasing business to meet the capital needs for future business development of the Group.

In respect of the property and industrial park business, the Group will continue to develop the new energy industrial park in Danzao Town, Nanhai District, Foshan City, the PRC by proactively arranging further preparation work for the development of the third and fourth phases of the project in addition to the development of its first and second phases. Meanwhile, we will intensify promotion efforts in business attraction, in a bid to successively introduce enterprises into the park, maintain full communication with settled enterprises, and ensure the quality of property management services to boost the occupancy rate of the park, so as to generate stable rental income and related gains for the Group.

In respect of the civil explosives business, Tiannuo will vigorously unleash excessive mixed assembly production capacity to increase revenue, and proactively implement reform measures including enhancement of staff mix and remuneration system to reduce costs and boost efficiency. Meanwhile, it will continue to push forward technological innovation and enhance processes and formulae to achieve greater breakthroughs through boosting efficiency by technology, so as to substantially improve its future performance and contribute steady revenue streams to the Group in the future.

In addition, the Group will aggressively explore opportunities to carry out investment and merger and acquisition of biopharmaceutical and high-tech enterprises or projects to seek leapfrog development of the business of the Company, thereby delivering good returns to the shareholders of the Company.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or (ii) entered in the register required to be kept under Section 352 of the SFO or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company were as follows:

Long positions in the Shares

Name of Director	Capacity	Nature of interest	Number of Shares held	Approximate percentage of total issued Shares as at the Latest Practicable Date ¹
He Xiangming	Beneficial owner	Personal	1,441,000	0.08%

Note: 1. The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, none of the Directors and chief executives of the Company had, as at the Latest Practicable Date, any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or which were entered in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests and short positions of the Shareholders in the Shares, underlying Shares of the Company

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the interests and short positions of the Shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:–

Name of Shareholder	Capacity of Shareholder	Number of Shares/underlying Shares		Approximate percentage of total issued Shares as at the Latest Practicable Date ¹
		Long position	Short position	
Glories Holdings (HK) Limited	Beneficial Owner	1,441,439,842 ²	–	84.18%
Prize Rich Inc.	Corporate Interest	1,441,439,842 ²	–	84.18%
廣東南海控股集團有限公司 (Guangdong Nanhai Holding Group Co., Ltd.*)	Corporate interest	1,441,439,842 ²	–	84.18%

Notes: 1. The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.

2. These 1,441,439,842 shares/underlying shares are held by Prize Rich Inc., which is wholly-owned by Guangdong Nanhai Holding Group Co., Ltd.* (廣東南海控股集團有限公司). On 25 July 2022, Prize Rich Inc. agreed to transfer 1,222,713,527 shares and HK\$166,232,000 convertible bonds (with underlying shares of 218,726,315) to its wholly-owned subsidiary, Glories Holdings (HK) Limited, pursuant to the equity and convertible bonds transfer agreement.

Saved as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person (other than directors and chief executives of the Company) who had interests or short positions in the Shares and underlying Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept under Section 336 of the SFO.

As at the Latest Practicable Date, no Director or proposed Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or his or her respective close associates was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors or his or her close associates were appointed to represent the interests of the Company and/or the Group.

4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date,

- (a) none of the Directors was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. MATERIAL CONTRACTS

The following are contracts entered into by the members of the Group within the two years immediately preceding the date of this circular and which is or may be material or of significance:

- (a) the agreement dated 26 August 2021 entered into between Guangdong Taoyuan Comprehensive Health Operation Co., Ltd.* (廣東桃苑大健康產業運營有限公司) (“**Guangdong Taoyuan**”), a subsidiary of the Company, and State-owned Assets Supervision and Administration Bureau of Nanhai District, Foshan City* (佛山市南海區國有資產監督管理局) in relation to the handover of a comprehensive services building for the disabled to Guangdong Taoyuan for operation, management and use for the payment of no more than RMB56,350,000 for a term of 40 years;
- (b) the engineering, procurement and construction agreement dated 8 November 2021 entered into between Guangdong Taoyuan and the consortium comprising Guangdong Province Building and Construction Building and Construction Co., Ltd.* (廣東省構建工程建設有限公司), Guangdong Jianya Interior Design and Engineering Co., Ltd.* (廣東建雅室內工程設計施工有限公司) and Zhongyu Design Co., Ltd.* (中譽設計有限公司) in relation to the engagement of the consortium as the general contractor for design, procurement and construction works for the renovation and refurbishment of a comprehensive services building for the disabled at a consideration of RMB70,902,702.37;
- (c) the engineering, procurement and construction agreement dated 20 September 2022 entered into between Guangdong Taoyuan and the consortium comprising Guangdong Yingju Construction Engineering Co., Ltd.* (廣東英聚建築工程有限公司) and Guangdong Province Jianke Architectural Design Institute Co., Ltd.* (廣東省建科建築設計院有限公司) in relation to the engagement of the consortium as the general contractor for design, procurement and construction works for an elderly home at a consideration of RMB136,220,443.70;
- (d) the engineering, procurement and construction agreement dated 28 April 2023 entered into between Guangdong Sino Rock Tyco Construction Co., Ltd.* (廣東中岩泰科建設有限公司), a subsidiary of the Company, and the consortium comprising Guangdong Structural Engineering Construction Co., Ltd.* (廣東省構建工程建設有限公司), Hangzhou Urban Construction Design and Research Institute Co., Ltd.* (杭州市城建設計研究院有限公司) and East China 267 Engineering Survey Institute of Nuclear Industry* (核工業華東二六七工程勘察院) in relation to the engagement of the consortium as the general contractor for design, procurement and construction works for a new energy factory project at a consideration of RMB202,190,200; and

- (e) the engineering, procurement and construction agreement dated 10 July 2023 entered into between Guangdong Province Funeng Power Co., Ltd.* (廣東賦能電力有限公司), a subsidiary of the Company, and the successful bidders comprising Guangdong Sunkwh Energy Co., Ltd.* (廣東光合新能源有限公司) and Guangzhou Bochuang Electric Power Design Institute Co., Ltd.* (廣州博創電力設計院有限公司) in relation to the engagement of the successful bidders as the general contractor for design, procurement and construction works for a photovoltaic power generation project at a consideration of RMB33,458,774.40.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the Group within one (1) year without payment of compensation (other than statutory compensation).

8. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The branch share registrar of the Company is Tricor Progressive Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The Company's head office and principal place of business in Hong Kong is at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong.
- (d) The company secretary of the Company is Mr. Lo Tai On, who is a member of the Hong Kong Institute of Certified Public Accountants.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://chinainvestments.tonghaiir.com>) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the Finance Lease and Incidental Documentation; and
- (b) this circular.

* For identification purpose only